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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 000355

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TAGS: [PREL](#) [PARM](#) [ENRG](#) [PTER](#) [MNUC](#) [IR](#) [CH](#)
SUBJECT: PRC/IRAN: BEIJING'S PROLIFERATING ARGUMENTS
AGAINST SANCTIONS

Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b/d).

¶1. (C) SUMMARY: PRC academics are deploying a range of arguments against new UN Security Council sanctions against Iran, but some contacts say China will not go it alone in opposing them. A well-placed think-tanker argued that Iranian political divisions could result in favorable changes to the nature of the Iranian regime; sanctions would play into the hands of the hard-liners and would be ineffective in any case. Another academic stressed that uranium swap proposals are the starting point for building mutual trust, and thus the P5-plus-1 should not be overly concerned about the details. He claimed that Saudi and Israeli interests on the issue were fundamentally different. Our contacts downplayed Iran's technical progress, said that Beijing had to consider Iran's importance in the Islamic world given China's vulnerability over treatment of its Muslim minority, and speculated U.S. arms sales to Taiwan could impact PRC cooperation on Iran. A well-placed media contact said that Chinese concerns about provoking an anti-China backlash in the U.S. Congress would, in the end, deter China from taking action that could be perceived as enabling an Iranian nuclear weapons program. A scholar close to the PLA also claimed the PRC would support new sanctions against Iran, arguing that regional instability concerns trumped the Taiwan arm sales PRC-Iran relations. END SUMMARY.

¶2. (C) In the wake of the January 29 announcement of U.S. arms sales to Taiwan, PolOffs discussed the Iran nuclear issue with MFA-affiliated China Institute for International Studies (CIIS) Middle East Studies Center Director Li Guofu, Ministry of State Security-affiliated China Institutes for Contemporary International Relations (CICIR) Middle Eastern Studies Director Tang Zhichao and researcher Tian Wenlin, Communist Party-affiliated Global Times (English edition) Managing Editor Zhang Yong, and PLA-affiliated China Foundation for International Strategic Studies scholar Zhang Tuosheng.

Power Struggles among Iranian Leadership Continue

¶3. (C) CIIS's Li argued February 5 that the on-going struggle for power among Iranian political elites, set into motion in the aftermath of the June 2009 election, was an important consideration in the PRC position on new sanctions. Li claimed that, based on his conversations with Iranian officials, there was vigorous debate within the "religious structure of the government" (the Supreme Leader and the Assembly of Experts) over the nature of the Islamic revolution and the role of Supreme Leader Khamenei. This division had widened since the 2009 election and threatened the influence of the Supreme Leader. Khamenei remained especially concerned about his position in light of the anger felt by many Iranians at Khamenei's direct interference in the outcome of the 2009 poll, Li said.

Khamenei, Green Movement Seeking Compromise?

¶4. (C) Supreme Leader Khamenei was presently seeking a compromise with the reformist camp in order to prevent argument over his proper role from further spilling into broader society, Li said. He observed that a majority of Iranians today were under 30 and had strong nationalistic tendencies, but also wanted to see progress on democratization in Iran. They viewed the Supreme Leader as flawed but acceptable given their nationalistic and religious worldview. Li claimed that a new power-sharing compromise between the Supreme Leader and the Rafsanjani camp was beginning to emerge, and that the present time thus represented a "sensitive moment" in Iranian politics. Khamenei might be also looking for a way to quietly sideline Ahmadinejad in order to protect himself, Li suggested. This struggle within the religious branch was a long-standing one, but the 2009 election had brought it to a new breaking point that, coinciding with Obama's engagement policy, provided political space to elites in the system to debate the nature of the Islamic Republic. Li added that this process was largely opaque to outsiders and thus the outcome could not be easily predicted.

Sanctions Undermine Potential for Reform from Within

¶5. (C) Li said that China believed that, in light of this volatile internal situation, a new round of sanctions against Iran would empower the hard-liners and unite them and

BEIJING 00000355 002 OF 003

reformists around a common cause. He claimed that not only would sanctions be ineffective at increasing Iranian cooperation on the nuclear program, but would thus also undermine a process that could potentially introduce new reforms aimed at redefining the role of the Supreme Leader. He added that the Supreme Leader wanted to reduce pressure on the regime by seeking a deal with the P5-plus-1 on the nuclear program on Tehran's terms, and Ahmadinejad needed a deal to shore up his position as well.

Iran Being Helpful; China Critics, Not So Much

¶6. (C) Li argued that Iran had "not yet totally rejected" P5-plus-1 overtures. Tehran remained willing in principle to move uranium out of the country, and Tehran's positive comments on a swap plan that would remove LEU from Iran in tranches represented a significant step forward. Concerns over timing and the amount of LEU to be removed in each batch were technical issues that could be resolved through discussion with the P5-plus-1. Claiming that China's policy was aimed at increasing the chances of meaningful political change, Li said U.S. public comments that China was acting irresponsibly in blocking efforts to sanction Iran hindered cooperation on Iran. There was no reasonable target for additional sanctions, in any case, since taking aim at the energy sector would hurt all parties. He discounted the possibility of military strikes in response to Iran's advancing nuclear technology, noting that Israel would require U.S. approval.

CICIR: Uranium Swaps Are a Starting Point

¶7. (C) CICIR's Tang February 8 said it was that unfortunate P5-plus-1 efforts were becoming tangled with Iranian domestic political considerations. He stressed that the original Geneva proposal and the Iranian counter-offer were not important in their own right but were a critical starting point in the necessary and long process of building mutual trust. The P5-plus-1 should not focus too closely on the details of such proposals. Tehran remained interested in

Obama's engagement policy and understood the potential benefits it held for Iran's development, he claimed.

Further PRC Arguments against Sanctions

¶18. (C) Tang argued that while a new round of sanctions would be easy to launch, the "side-effects," which could affect the PRC as well as other countries, would be difficult to mitigate once a sanctions regime was in place. International sanctions were ineffective at changing behavior in target countries. The international community might be underestimating the willingness of the Iranian regime to endure pressure, given the long-standing bunker mentality of the leadership and its ability to appeal to nationalism when under pressure from the outside. Tang also argued that the nuclear issue remained a technical one to be resolved through the IAEA and within the framework of the NPT. CICIR Researcher Tian argued that sanctions failed to address Tehran's primary concern, its sense of insecurity vis-a-vis the U.S.

Israeli, Saudi Views Are Not the Same

¶19. (C) Tang claimed that countries in the region held different views on the Iranian nuclear issue. While neither Israel nor Saudi Arabia, for example, wanted Iran to develop nuclear weapons, the ideal outcome for Israel was one that would draw the U.S. into deeper involvement in the region. For the Saudis and other Arab states, however, their concern over a nuclear Iran was balanced by concerns that the issue would increase Israel-U.S. cooperation in the region and lead to a regional conflict that would hurt their interests.

Slow Technical Progress

¶10. (C) On Iran's technical progress, Li from CIIS asserted that under current restrictions, it was difficult for Tehran to obtain the material and technology necessary for its nuclear program. The Iranian leadership had not yet decided whether the nuclear program would be for purely peaceful purposes in the long term, but understood that weaponizing now, even if Iran had the technical capability, would not be in Iran's interest. Too much pressure from the international community would push Tehran toward developing the military

BEIJING 00000355 003 OF 003

side of its nuclear program, Li claimed.

PRC Also Considering China's Image among Muslims

¶11. (C) Another factor Chinese policy-makers were taking into consideration, Tang acknowledged, was the image of the PRC in the broader Islamic world. He said that Beijing was keenly aware of the importance of Iran in the Muslim world, including within the Organization of the Islamic Conference, which was powerful in shaping public opinion among Muslims world-wide.

Impact of Taiwan Arms Sale Difficult to Gauge

¶12. (C) Tang did not know what impact U.S. arms sales to Taiwan might have on cooperation on the Iranian nuclear issue. He did offer, however, that, unlike the Taiwan issue, the PRC did not view the Iran nuclear issue as a "core interest" and the leadership felt greater pressure than in the past to make a tough response, which could include "indirect" responses beyond mil-mil cooperation and related fields. Beijing would consider this need to take firm action in light of generally improved U.S.-China relations in the last few years and the improving political situation across the Taiwan Strait. Researcher Tian was more adversarial,

predicting China's cooperation on Iran would be impacted by the arms sale, especially given China had been "very cooperative" with the U.S. on international security questions overall.

China Can't Afford Angry Congress, Unstable Mid-East

¶13. (C) Zhang Yong, Managing Editor of the Global Times (English edition) and former reporter and editor of the Communist Party mouthpiece People's Daily, told PolOff February 9 that China's preference was to avoid sanctioning Iran. However, for a wide range of reasons, Beijing would "take necessary steps" to ensure that China was not perceived as having enabled Iran's acquisition of nuclear weapons. China's economic health was increasingly dependent on good economic relations with the United States. A trade war with the United States would be the "worst thing that could happen" to the Chinese economy. Beijing was concerned that if China were blamed for blocking international efforts to stop Iran's nuclear program, U.S. Congressional support for anti-China economic measures could rise. For that reason, Zhang predicted, China would be unwilling to block sanctions on Iran unless Russia did as well.

¶14. (C) PLA-affiliated China Foundation for International Strategic Studies scholar Zhang Tuosheng separately concurred, telling PolOff February 9 that the Taiwan arms sales might cause the PRC to "respond more slowly" on U.S. and European initiatives to pressure Iran but that overall PRC policy would not change. He speculated that given China's integral involvement to date with the P5-plus-1, China would not veto a new UNSC resolution that included sanctions. Discounting PRC oil and trade interests in Iran, he said a nuclear-armed Iran could provoke Turkey and other countries in the region to develop nuclear arms and increased the likelihood of U.S. or Israeli military strikes against Iran. The possibility of regional instability took precedence over any PRC-Iran bilateral damage that might occur as a result of sanctions.

HUNTSMAN